



**Date:** January 6, 2015  
**To:** Thomas J. Bonfield, City Manager  
**Through:** W. Bowman Ferguson, Deputy City Manager  
**From:** Joel V. Reitzer, Director, General Services  
**Subject:** Lease between the City of Durham and Yarboro and Hessee Warehouses, L.L.C. at 700 N. Alston Avenue (Parcel ID 111319)

### **Executive Summary**

The City proposes to enter into a four year lease with options to renew, with Yarboro and Hessee Warehouses, LLC ("Landlord") for property located at 700 N. Alston Avenue, Durham NC 27701. The proposed site will be used by the Durham Police Department for storage of impounded vehicles.

The Durham Police Department stores vehicles that have been seized for evidence purposes or for conversion to law enforcement use. The vehicles are stored for periods ranging from a few days to several years. The majority of the impounded vehicles are kept indefinitely due to state statutes that govern storage of vehicles seized by law enforcement.

Currently, the Police Department stores impounded vehicles at City owned property located at 213 Broadway Street. The existing impound lot has capacity for 70 vehicles and occupancy is currently over its capacity. The proposed site on Alston Avenue is a 1.18 acre gravel lot with capacity for 120 standard 9'x18' parking spaces. The property is zoned Industrial Light (IL) and is currently used as a storage facility for portable storage units. The property is enclosed by a 7' cyclone fence. Improvements to the site that will be completed prior to the City's occupancy include addition of aluminum insert fence screening and razor wire to the existing fence, replacement of the existing gate with an electronic rolling gate, grading, and gravel. The Landlord will complete the improvements for an amount not to exceed \$37,000.00.

City Staff has negotiated an initial lease term of four years with options to extend the lease for three additional two year terms (total potential term of ten years). The proposed initial rent amount is \$1,400.00 per month (\$16,800.00 per year). The rent amount will increase by 1% each year. The City will reimburse the Landlord for the amortized cost incurred by Landlord for the tenant improvements necessary for the City's use and will pay for other ongoing tenant expenses detailed as part of the lease.

## **Recommendation**

Authorize the City Manager to execute a four year lease with Yarboro and Hessee Warehouses, LLC in the amount of \$125,820.50, and authorize the City Manager to exercise extensions to the lease term up to six additional years.

## **Background**

Space for long term storage of impounded vehicles has been an increasing requirement for the Durham Police Department. Impounded vehicles are securely stored at 213 Broadway Street adjacent to the Police's forensic unit where vehicles are processed. The existing impound lot at 213 Broadway can accommodate 70 vehicles and is no longer adequate for long term storage space requirements. In August of 2013, the Chief of Police notified the Director of the General Services Department of the need for an alternative impound site for vehicles. Criteria used to evaluate proposed sites for an impound lot included, lot size; ability to accommodate operational needs; site upfit requirements; upfit costs; yearly operational costs and location. The proposed leased property is within close proximity to the Police's forensics operations at the District 5 Substation on Rigsbee Avenue. Based on analysis and trends reviewed, a 120 vehicle lot is adequate for the needs of the Police Department. Transitioning the impound lot to a leased facility will allow the City to re-purpose the properties located at 213 Broadway, 124 Hunt, and 516 Rigsbee as those police vehicle processing functions will be located in the new Police HQ complex.

## **Issues and Analysis**

Approval of a lease for the Police Department's impounded vehicle storage at 700 N. Alston Avenue addresses the operational needs of the department for an initial period of four years. In addition to storage for a larger number of impounded vehicles, the new site's proximity is appropriate for both Forensics and Property and Evidence operations, as exist now and in the future. Leasing property for impounded vehicles allows for maximum flexibility as any legal requirements and needs of the Police Department may change.

The City will repay the upfit expenses incurred by Landlord for fence improvements, gravel/grading, and installation of tire stops over the four year lease term. The City will pay the amortized upfit expense incurred by Landlord for installation of the automatic sliding gate over a ten year period. If the City chooses not to exercise its option to extend the lease beyond the initial four year term, the remaining cost of the automatic sliding gate will be forgiven.

Compared to rates for parking in other areas of the City, the negotiated rate is appropriate. The total cost being paid for rent and upfit of the subject property is \$21.66 per parking space, per month.

### Alternatives

City Council could decide not to approve the proposed lease with Yarboro and Hessee Warehouses, L.L.C. This alternative is not recommended as it will not satisfy the operational requirements of the Durham Police Department.

### Financial Impact

The term of the lease is four years plus three additional two year options to extend. The rent schedule is as follows:

Year	Base Rent	Upfit Cost	Additional Rent (see detail below)	Total Monthly Expense
Year 1	\$1,400.00	\$791.21	\$408.91	\$2,600.12
Year 2	\$1,414.00	\$791.21	\$408.91	\$2,614.12
Year 3	\$1,428.14	\$791.21	\$408.91	\$2,628.26
Year 4	\$1,442.42	\$791.21	\$408.91	\$2,642.54
Extension Year 5	\$1,456.85	\$ 51.97	\$408.91	\$1,917.73
Extension Year 6	\$1,471.41	\$ 51.97	\$408.91	\$1,932.29
Extension Year 7	\$1,486.13	\$ 51.97	\$408.91	\$1,947.01
Extension Year 8	\$1,500.99	\$ 51.97	\$408.91	\$1,961.87
Extension Year 9	\$1,516.00	\$ 51.97	\$408.91	\$1,976.88
Extension Year 10	\$1,531.16	\$ 51.97	\$408.91	\$1,992.04

ADDITIONAL RENT: Landlord shall be responsible for payment of the following additional expenses to be reimbursed by the City:

Service	Monthly Cost
Annual Real Estate Taxes	\$ 64.00
Liability Insurance	\$ 66.66
Duke Energy	\$150.00
Stormwater Fees	\$128.25
<b>TOTAL</b>	<b>\$408.91</b>

There is no increase in additional rent paid to Landlord during any renewal options exercised by the City. The City shall also be responsible for payment of charges, if any, for water service, telephone, security system, internet/data, trash/dumpster, and pest control.

Funding is available in the Police Department's Special Projects account.

### SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

### Attachments

Lease Agreement, Location Map